KHALEEJI COMMERCIAL BANK BSC
31 MARCH 2017
CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

Commercial registration	:	55133 (registered with Central Bank of Bahrain as a retail Islamic bank).
Office	:	Bahrain Financial Harbour Harbour Tower East PO Box 60002, Manama, Kingdom of Bahrain
Directors	:	Dr. Ahmed Al-Mutawa – Chairman Abdulkarim Ahmed Bucheery – Vice Chairman Hisham Al Rayes Sh. Ahmed Bin Isa Khalifa Al Khalifa Abdulla Abdulkarim Showaiter Khalid Mohammed Al Khazraji Khaleefa Yousef Al Mheiri Houssem Ben Haj Amor Yousef Ibrahim Al Ghanim Mohammad Abdulmohsen Al Rashed
Chief Executive Officer	:	Khalil Ismaeel Al-Meer
Company secretary	:	Mohammed Abdulla Ebrahim
Reviewing Accountants	:	KPMG Fakhro, Bahrain

KHALEEJI COMMERCIAL BANK BSC

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the three months ended 31 March 2017

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INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

10 May 2017

To
The Board of Directors
Khaleeji Commercial Bank BSC
Manama
Kingdom of Bahrain

Introduction

We have reviewed the accompanying 31 March 2017 condensed consolidated interim financial information of Khaleeji Commercial Bank BSC (the "Bank") and its subsidiaries (together the "Group"), which comprises:

- the condensed consolidated statement of financial position as at 31 March 2017;
- the condensed consolidated income statement for the three-month period ended 31 March 2017;
- the condensed consolidated statement of changes in equity for the three-month period ended 31 March 2017
- the condensed consolidated statement of cash flows for the three-month period ended 31 March 2017;
- the condensed consolidated statement of changes in restricted investment accounts for the three-month period ended 31 March 2017;
- the condensed consolidated statement of sources and uses of charity and zakah fund for the three-month period ended 31 March 2017; and
- notes to the condensed consolidated interim financial information.

The Board of Directors of the Bank is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, *"Review of Interim Financial Information Performed by the Independent Auditor of the Entity"*. A review of condensed consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Auditing standards for Islamic Financial Institutions and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 31 March 2017 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions.

kpmg

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 March 2017 BD 000's

	Note	31 March 2017 (Reviewed)	31 December 2016 (Audited)
ASSETS			
Cash and bank balances		44,113	56,006
Placements with financial institutions		67,251	78,714
Financing assets	8	351,648	355,377
Investment in sukuk	9	88,930	74,154
Assets acquired for leasing		92,948	92,839
Lease rentals receivables		2,816	2,573
Investment in equity securities	10	55,514	55,121
Investment property		21,777	21,508
Development property		6,003	6,003
Other assets		13,995	14,496
Property and equipment		8,201	8,208
Total assets		**753,196**	764,999
LIABILITIES			
Placements from financial institutions		38,794	59,079
Placements from non-financial institutions and individuals		100,598	100,649
Customers' current accounts		75,397	75,814
Other liabilities		8,764	8,311
Total liabilities		**223,553**	243,853
Equity of investment account holders		**412,062**	404,651
OWNERS' EQUITY			
Share capital		105,000	105,000
Statutory reserve		7,962	7,962
Treasury shares		(8,832)	(8,832)
Employee share incentive scheme		(182)	(182)
Retained earnings		9,888	8,751
Total equity attributable to shareholders of the parent (page 4)		**113,836**	112,699
Non-controlling interest		**3,745**	3,796
Total liabilities, equity of investment account holders and owners' equity		**753,196**	764,999

The Board of Directors approved the condensed consolidated interim financial information consisting of pages 2 to 16 on 10 May 2017 and signed on its behalf by:

Dr. Ahmed Khalil Al Mutawa	Abdulkarim Ahmed Bucheery	Khalil Ismaeel Al-Meer
Chairman	Vice-Chairman	Chief Executive Officer

CONDENSED CONSOLIDATED INCOME STATEMENT
for the three months ended 31 March 2017 BD 000's

	Note	**Three months ended 31 March 2017** (Reviewed)	Three months ended 31 March 2016 (Reviewed)
Income from financing assets and assets acquired for leasing		6,605	6,094
Income from placements with financial institutions		183	174
Income from sukuks		958	852
Income from equity securities		8	172
Other income		833	956
Total income before return to investment account holders		**8,587**	8,248
Less: Return to investment account holders before Bank's share as Mudarib		(4,154)	(3,836)
Bank's share as a Mudarib		2,216	2,150
Return to investment account holders		(1,938)	(1,686)
Expense on placements from financial institutions, non-financial institutions and individuals		(993)	(548)
Total income		**5,656**	6,014
Staff cost		1,592	1,570
Other expenses		1,390	1,178
Total expenses		**2,982**	2,748
Profit for the period before impairment allowances		**2,674**	3,266
Impairment allowances	11	(1,227)	(431)
PROFIT FOR THE PERIOD		**1,447**	2,835
Attributable to:			
Shareholders of the parent		1,498	2,846
Non-controlling interest		(51)	(11)
		1,447	2,835
Earnings per share			
Basic and diluted earnings per share (fils)		**1.55**	2.92

The condensed consolidated interim financial information consists of pages 2 to 16.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the three months ended 31 March 2017 BD 000's

31 March 2017 (Reviewed)	**Equity attributable to shareholders of the parent**								
	Share Capital	**Statutory reserve**	**Treasury shares**	**Employee share incentive scheme**	**Investment fair value reserve**	**Retained earnings**	**Total**	**Non-Controlling interest**	**Total equity**
Balance at 1 January 2017:	105,000	7,962	(8,832)	(182)	-	8,751	112,699	3,796	116,495
Profit for the period	-	-	-	-	-	1,498	1,498	(51)	1,447
Total recognised income and expense for the period	**-**	**-**	**-**	**-**	**-**	**1,498**	**1,498**	**(51)**	**1,447**
Transfer to Zakah fund	-	-	-	-	-	(361)	(361)	-	(361)
Balance at 31 March 2017	**105,000**	**7,962**	**(8,832)**	**(182)**	**-**	**9,888**	**113,836**	**3,745**	**117,581**

The condensed consolidated interim financial information consists of pages 2 to 16.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the three months ended 31 March 2017 *(Continued)* BD 000's

31 March 2016 (Reviewed)	Equity attributable to shareholders of the parent							Non-Controlling interest	Total equity
	Share Capital	Statutory reserve	Treasury shares	Employee share incentive scheme	Investment fair value reserve	Retained earnings	Total		
Balance at 1 January 2016:	100,000	7,411	(8,136)	(284)	(86)	8,998	107,903	3,798	111,701
Changes in fair value of investments	-	-	-	-	322	-	322	-	322
Profit for the period	-	-	-	-	-	2,846	2,846	(11)	2,835
Total recognised income and expense for the period	-	-	-	-	322	2,846	3,168	(11)	3,157
Issue of Bonus shares	5,000	-	-	-	-	(5,000)	-	-	-
Transfer to statutory reserve	-	20	-	-	-	(20)	-	-	-
Net treasury shares purchased	-	-	(696)	-	-	-	(696)	-	(696)
Balance at 31 March 2016	105,000	7,431	(8,832)	(284)	236	6,824	110,375	3,787	114,162

KHALEEJI COMMERCIAL BANK BSC

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the three months ended 31 March 2017 BD 000's

	Three months ended 31 March 2017 (Reviewed)	Three months ended 31 March 2016 (Reviewed)
OPERATING ACTIVITIES		
Receipts / (payments for) financing assets, net	8,431	(8,168)
Payment for asset acquired for leasing, net	(352)	(8,387)
Income from short-term placements received	183	174
Returns paid to investment account holders	(2,379)	(2,626)
Receipts from / (payment to) investment account holders, net	7,410	(418)
Payment for expenses	(2,898)	(1,290)
Other receipts	933	956
Net contribution and allocation for charity and zakah fund	364	1
Net receipts in customers' current accounts	(417)	3,893
Placements from financial institutions, net	(20,284)	8,720
Placements from non-financial institutions and individuals, net	(51)	4,730
Net withdrawal from CBB reserve account	685	115
Finance expense on placements paid	(993)	(548)
Net cash used in operating activities	(9,368)	(2,848)
INVESTING ACTIVITIES		
Purchase of sukuk	(16,942)	(9,701)
Purchase of equity securities	-	(84)
Proceed from redemption / sale of sukuk	2,098	5,025
Proceed from redemption / sale of equity securities	-	1,987
Income from sukuk received	1,616	1,414
Dividend/ income from equity securities	22	186
Purchase of property and equipment	(97)	(15)
Net cash used in investing activities	**(13,303)**	(1,188)
FINANCING ACTIVITIES		
Payment for treasury shares	-	(696)
Net cash used in financing activities	**-**	(696)
Net decrease in cash and cash equivalents	**(22,671)**	(4,732)
Cash and cash equivalents at beginning of the period	114,865	66,369
Cash and cash equivalents at end of the period	**92,194**	61,637
Cash and cash equivalents comprise:		
Cash and bank balances (excluding CBB reserve)	24,943	11,255
Placement with financial institutions	67,251	50,382
	92,194	61,637

The condensed consolidated interim financial information consists of pages 2 to 16.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN RESTRICTED INVESTMENT ACCOUNTS
for the three months ended 31 March 2017

31 March 2017 (Reviewed)	**Balance at 1 January 2017**			**Movements during the period**						**Balance at 31 March 2017**		
	No of units (000)	Average value per share BD	Total BD 000's	Investment / (withdrawals) BD 000's	Revaluation BD 000's	Gross income BD 000's	Dividends paid BD 000's	Bank's fees as an agent BD 000's	Adminstra-tion expenses BD 000's	No of units (000)	Average value per share BD	Total BD 000's
Safana Investment WLL (RIA 1)	6,304	1.00	6,304	(50)	-	-	-	-	-	6,254	1.00	6,254
Shaden Real Estate Investment WLL (RIA 5)	3,652	1.00	3,652	(113)	-	-	-	-	-	3,539	1.00	3,539
Locata Corporation Pty Ltd (RIA 6)	2,633	0.38	993	-	-	-	-	-	-	2,633	0.38	993
			10,949	**(163)**	**-**	**-**	**-**	**-**	**-**			**10,786**

31 March 2016 (Reviewed)	Balance at 1 January 2016			Movements during the period						Balance at 31 March 2016		
	No of units (000)	Average value per share BD	Total BD 000's	Investment / (withdrawals) BD 000's	Revaluation BD 000's	Gross income BD 000's	Dividends paid BD 000's	Bank's fees as an agent BD 000's	Adminstra-tion expenses BD 000's	No of units (000)	Average value per share BD	Total BD 000's
Safana Investment WLL (RIA 1)	8,313	1.00	8,313	-	-	-	-	-	-	8,313	1.00	8,313
Janayen Holding Limited (RIA 4)	48,082	0.18	8,500	(8,500)	-	-	-	-	-	-	-	-
Shaden Real Estate Investment WLL (RIA 5)	3,728	1.00	3,728	(80)	-	-	-	-	-	3,648	1.00	3,648
Locata Corporation Pty Ltd (RIA 6)	2,633	0.38	993	-	-	-	-	-	-	2,633	0.38	993
			21,534	(8,580)	-	-	-	-	-			12,954

The condensed consolidated interim financial information consists of pages 2 to 16.

CONDENSED CONSOLIDATED STATEMENT OF SOURCES AND USES OF CHARITY AND ZAKAH FUND

for the three months ended 31 March 2017 BD 000's

	Three months ended 31 March 2017 (Reviewed)	Three months ended 31 March 2016 (Reviewed)
Sources of charity and zakah fund		
At 1 January	723	727
Contributions by the bank	361	-
Non-Islamic income	4	13
Total sources	**1,088**	740
Uses of charity and zakah fund		
Contributions to charitable organisations	1	12
Total uses	**1**	12
Undistributed charity and zakah fund at end of the period	**1,087**	728

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the three months ended 31 March 2017 BD 000's

1 **Reporting entity**

Khaleeji Commercial Bank BSC ("the Bank"), a public shareholding company, was incorporated on 24 November 2004 in the Kingdom of Bahrain under Commercial Registration No. 55133. The Bank operates under an Islamic retail license granted by the Central Bank of Bahrain ("CBB"). The Bank is listed on the Bahrain Bourse. The interim financial information comprises financial information of the Bank and its subsidiaries (together "the Group").

2 **Basis of preparation and presentation**

The condensed consolidated interim financial information has been prepared in accordance with Financial Accounting Standards ('FAS') issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI). In line with the requirement of AAOIFI and the CBB Rule Book, for matters that are not covered by AAOIFI standards, the Group uses guidance from the relevant International Financial Reporting Standards (IFRS). Accordingly, the condensed consolidated interim financial information has been presented in condensed form in accordance with the guidance provided by International Accounting Standard 34 – 'Interim Financial Reporting'.

The condensed consolidated interim financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the audited consolidated financial statements of the Bank for the year ended 31 December 2016. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 December 2016.

3 **Significant accounting policies**

The accounting policies and methods of computation applied by the Group in the preparation of the condensed consolidated interim financial information are the same as those used in the preparation of the audited financial statements for the year ended 31 December 2016.

4 **Financial risk management**

The Group's financial risk management objectives and policies are consistent with those disclosed in the audited financial statements as at and for the year ended 31 December 2016.

5 **Estimates**

Preparation of condensed interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were same as applied to the consolidated financial statements as at and for the year ended 31 December 2016.

6 The condensed consolidated interim financial information has been reviewed not audited. The comparatives for the condensed consolidated statement of financial position have been extracted from the audited consolidated financial statements for the year ended 31 December 2016 and comparatives for the condensed consolidated statements of income, changes in equity, cash flows, changes in restricted investment accounts and sources and uses of charity and zakah fund have been extracted from the reviewed condensed consolidated interim financial information for the three months ended 31 March 2016.

7 The Bank does not have income of a seasonal nature.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the three months ended 31 March 2017 BD 000's

8 **Financing Assets**

	31 March 2017 (Reviewed)	31 December 2016 (Audited)
Murabaha	346,659	334,632
Musharaka	8,367	8,765
Wakala	14,875	29,386
Mudharaba	1,155	1,155
Istisna	-	7
	371,056	373,945
Less: Impairment allowances – specific	(16,044)	(15,164)
Less: Impairment allowances – collective	(3,364)	(3,404)
	351,648	355,377

Murabaha financing receivables are net of deferred profits of BD 30,412 thousand (2016: BD 31,004 thousand).

Of the total financing asset portfolio, consumer financing receivables amounted to BD 72,658 thousand (2016: BD 74,063 thousand).

9 **Investment in Sukuk**

	31 March 2017 (Reviewed)	31 December 2016 (Audited)
Debt type instruments:		
- Quoted sukuk *(at amortised cost)*	88,371	73,443
- Unquoted sukuk *(at amortised cost)*	559	711
	88,930	74,154

10 **Investment in equity securities**

	31 March 2017 (Reviewed)	31 December 2016 (Audited)
Fair value through income statement:		
- Unquoted equity securities	15,148	15,148
Fair value through equity:		
- Unquoted equity securities (carried at cost less impairment)*	40,366	39,973
	55,514	55,121

* These investments are carried at cost less impairment in the absence of a reliable measure of fair value.

11 **Impairment allowances**

	31 March 2017 (Reviewed)	31 March 2016 (Reviewed)
Financing assets		
- Charge for specific provision, net	1,160	228
- (Write back) / charge for collective provision, net	(34)	97
Investment in equity securities		
- Charge / (write back) for impairment allowance	33	(91)
Investment in Sukuk		
- Charge for specific provision	68	197
	1,227	431

12 **Significant related party transactions**

The significant related party transactions and balances included in this condensed consolidated interim financial information are as follows:

31 March 2017 (Reviewed)	**Associates**	**Key management personnel**	**Significant shareholders / entities in which directors are interested**	**Assets under management (including special purpose entities)**	**Total**
Assets					
Financing assets	-	-	5,708	-	5,708
Investment securities	-	-	2,284	24,201	26,485
Other assets	4,720	-	-	1,138	5,858
Liabilities					
Customers' current accounts	61	-	4,576	1,571	6,208
Equity of investment account holders	598	154	42,602	923	44,277

Three months ended 31 March 2017 (Reviewed)	**Associates**	**Key management personnel**	**Significant shareholders / entities in which directors are interested**	**Assets under management (including special purpose entities)**	**Total**
Income					
Income from financing assets and assets acquired for leasing	-	-	53	-	53
Expenses					
Return to investment account holders	3	1	78	4	86
Staff cost	-	312	-	-	312
Impairment expense	-	-	-	28	28
Other expenses	-	-	-	36	36

12 Significant related party transactions (continued)

31 December 2016 (Audited)	Associates	Key management personnel	Significant shareholders / entities in which directors are interested	Assets under management (including special purpose entities)	Total
Assets					
Financing assets	-	-	-	-	-
Investment securities	127	-	2,284	25,387	27,798
Other assets	4,678	-	-	918	5,596
Liabilities					
Customers' current accounts	10	-	88	1,903	2,001
Equity of investment account holders	446	150	19,935	917	21,448

Three months ended 31 March 2016 (Reviewed)	Associates	Key management personnel	Significant shareholders / entities in which directors are interested	Assets under management (including special purpose entities)	Total
Income					
Income from financing assets and assets acquired for leasing	6	-	-	-	6
Expenses					
Return to investment account holders	-	-	8	19	27
Staff cost	-	302	-	-	302
Other expenses	-	-	-	10	10

13 **Commitments and contingencies:**

	31 March 2017 (Reviewed)	31 December 2016 (Audited)
Undrawn commitments to extend finance	51,441	65,797
Financial guarantees	22,995	22,669

14 Appropriations of net profit, if any, are made only after obtaining approval of the shareholders.

15 **Assets under management**

The Bank provides corporate administration, investment management and advisory services to its investment entities, which involve the Group making decisions on behalf of such entities. Assets that are held in such capacity are not included in these consolidated financial statements.

	31 March 2017 (Reviewed)	31 December 2016 (Audited)
Restricted investment accounts	10,786	10,949
Other assets under management	171,533	171,533

16 **Segment information**

31 March 2017 (Reviewed)	**Investment Banking**	**Corporate and Retail Banking**	**Unallocated**	**Total**
Segment revenue	27	8,560	-	**8,587**
Segment results	(277)	3,417	(1,693)	**1,447**
Segment assets	91,882	651,793	9,521	**753,196**

31 March 2016 (Reviewed)	Investment Banking	Corporate and Retail Banking	Unallocated	Total
Segment revenue	218	8,030	-	8,248
Segment results	90	4,269	(1,524)	2,835
Segment assets	95,201	567,621	9,503	672,325

17 **Financial instruments**

Fair values

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Underlying the definition of fair value is a presumption that an enterprise is a going concern without any intention or need to liquidate, curtail materially the scale of its operations or undertake a transaction on adverse terms.

17 Financial instruments (continued)

(i) Financial instruments at fair value:

The table below analyses the financial instruments carried at fair value, by valuation method.

31 March 2017	**Level 1**	**Level 2**	**Level 3**	**Total**
Investment securities				
Equity type instruments carried at fair value through income statement	-	-	15,148	15,148
	-	**-**	**15,148**	**15,148**

31 December 2016	Level 1	Level 2	Level 3	Total
Investment securities				
Equity type instruments carried at fair value through income statement	-	-	15,148	15,148
	-	-	15,148	15,148

The following table analyses the movement in Level 3 financial assets during the quarter:

	31 March 2017 (Reviewed)	31 March 2016 (Reviewed)
At 1 January	15,148	15,148
Gains (losses) in income statement	-	-
Purchases	-	-
Settlements	-	-
Transfers into (out) of Level 3	-	-
	15,148	15,148

During the three month period ended 31 March 2017, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

17 Financial Instruments (continued)

(ii) Financial Instruments not at fair value

Set out below is a comparison of the carrying amounts and fair values of financial instruments:

31 March 2017	Carrying amount (Reviewed)	Fair value (Reviewed)
Financial assets:		
Financing assets	351,648	351,648
Investment in sukuk	88,930	88,930
Investment in equity securities [1]	15,148	15,148
Assets acquired for leasing	92,948	92,948
Lease rentals receivables	2,816	2,816
	551,490	**551,490**
Financial liabilities:		
Customers' current accounts	75,397	75,397
	75,397	**75,397**

31 December 2016	Carrying amount (Audited)	Fair value (Audited)
Financial assets:		
Financing assets	355,377	355,377
Investment in sukuk	74,154	74,154
Investment in equity securities [1]	15,148	15,148
Assets acquired for leasing	92,839	92,839
Lease rentals receivables	2,573	2,573
	540,091	540,091
Financial liabilities:		
Customers' current accounts	75,814	75,814
	75,814	75,814

[1] Excludes investment securities carried at cost less impairment due to absence of reliable measure of fair value of BD 40,366 thousand (31 December 2016: BD 39,973 thousand).

Valuation techniques

Investment securities
The Group measures the fair value of quoted investments using the market bid-prices in an active market for that instrument.

17 Financial Instruments (continued)

Valuation techniques (continued)

For certain unquoted investments, the Group uses proprietary models, which usually are developed from recognised valuation models for fair valuation. Some or all of the inputs into these models may not be market observable, but are estimated based on assumptions. Inputs to valuation techniques reasonably represent market expectations and measures of the risk-return factors inherent in the financial instrument.

Valuation adjustments are recorded to allow for bid-ask spreads, liquidity risks, as well as other factors. Management believes that these valuation adjustments are necessary and appropriate to fairly state the values of these investments.

The potential effect of using reasonable possible alternative assumptions for valuing the investments resulting in 5% decrease / increase in the market multiple would increase / decrease the reported fair value by BD 734 thousands. The corresponding impact would be on the profit or loss reported by the Group.

Financing assets
In case of financing assets and lease receivables, the average profit rate of the portfolio is in line with current market rates for similar facilities and hence after consideration of adjustment for prepayment risk and impairment charges it is expected that the current value would not be materially different to fair value of these assets.

Other financial instruments
Placements with financial institutions and placements from financial institutions are for short term tenure hence their carrying value is not different from the fair value. Placements from non-financial institutions and individuals which are not short term are re-priced at regular intervals hence carrying value reflects the fair value. Fair value of other financial assets and liabilities are not significantly different from their carrying values due to their short term nature.